

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (11/21):**

BUTTER: Grade AA closed at \$1.6900. The weekly average for Grade AA is \$1.7033 (-.1627).

CHEESE: Barrels closed at \$1.7450 and 40# blocks at \$1.8250. The weekly average for barrels is \$1.7308 (-.0572) and blocks, \$1.8250(-.0290).

BUTTER HIGHLIGHTS: The CME cash butter price continues to trend lower. During this holiday shortened trading week, cash butter declined 10 1/2 cents to close the week on Wednesday at \$1.6900. This cash price compares to \$1.8900 a week ago, \$1.8800 a month ago, and \$1.6300 last year at this time. Churning schedules across the country remain quite active, although more butter producers are closely monitoring their current production trends in conjunction with inventories and demand. Many butter producers are only churning with regular sourced cream volumes. Some additional churning will probably occur during the upcoming Thanksgiving holiday weekend, especially if cream is attractively priced. By midweek, cream pricing multiples were starting to ease. Butter demand slowed this week as Thanksgiving orders were previously placed and shipped, although some last minute fill-in orders were reported early in the week. Butter producers and handlers were very pleased with Thanksgiving orders and look forward to an equally active end of year demand.

CHEESE HIGHLIGHTS: The holiday shortened week saw daily cheese prices at the CME Group steady to higher. Cheese prices continued to trend lower overall as weekly average prices have declined for three weeks. The sharply lower prices have been welcomed by buyers, but many are hesitant to order too far ahead until prices have developed a more consistent pattern. The lower prices have increased export interest as prices move closer to international levels. The CWT program continues to aid in export sales with 111.1 million pounds of cheese receiving assistance for the year. Manufacturing milk volumes are higher for the holiday shortened week as Class I demand is reduced. Cheese plants are taking advantage of the increased milk to raise their inventories. The holiday shortened week had only three trading days as the CME Group was closed for Thanksgiving and the next day. Barrels closed the week on Wednesday at \$1.7450 and blocks were at \$1.8250. No sales were reported for the short week.

FLUID MILK: While factoring in lower cow numbers in some states, milk production in the southern tier of states is close to turning the corner on a new production season. Some northern tier states, such as Idaho and Utah, noted increasing intakes as dairy herds in those states grow. Milk usage is following the established extended holiday weekend pattern this week as fluid demand declines, sending more milk into manufacturing. Manufacturers in each region expected all farm milk intakes would find processing room. Cream is plentiful this week, but with few takers, multiples moved lower. Ice cream plants are just keeping pace with orders, and are not looking to build inventory at this time. The same is true for several butter manufacturers. However, cream interest for cream cheese, dips, sour cream and whipping cream is starting to increase as manufacturers of those products have a short window to complete and ship December holiday orders.

DRY PRODUCTS: Nonfat dry milk prices firmed this week. Buttermilk prices in the West moved higher, but Central prices moved lower on the bottom of the range as weaker butterfat pricing is factored into marketing information. Lactose prices are steady, with contracts shipping making up the bulk of activity. Dry whey prices moved higher, following the lead of variable indices used as price bases. Buyers generally are satisfying only near term needs. Whey protein concentrate 34% prices are unchanged on the mostly price series. Lower priced WPC 34% spot loads were absent from the market this week. Buyer resistance to firm pricing trends is being noted by manufacturers.

INTERNATIONAL DAIRY MARKET NEWS (DMN): Milk production in **Western Europe** is at or very near seasonal low levels. Producers and handlers are speculating that October milk production will trail previous year comparables, but cumulatively, will continue to run slightly ahead of last year. September figures indicated that output was 1.8% lighter than September 2011 although cumulative production was running 1.2% heavier for the first 9 months of the current calendar year. Farmers are now stabling their milking herd for the winter months. Feed supplies will be challenging for many producers during the winter season. Stocks of manufactured dairy products are not readily available. Cream supplies are tight.

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COMMODITY	MONDAY NOV 19	TUESDAY NOV 20	WEDNESDAY NOV 21	THURSDAY NOV 22	FRIDAY NOV 23	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.7225 (N.C.)	\$1.7250 (+.0025)	\$1.7450 (+.0200)	HOLIDAY	CME CLOSED	:: (+.0225)	:: \$1.7308 (-.0572)
40# BLOCKS	\$1.8250 (N.C.)	\$1.8250 (N.C.)	\$1.8250 (N.C.)			:: (N.C.)	:: \$1.8250 (-.0290)
NONFAT DRY MILK EXTRA GRADE	\$1.5600 (N.C.)	\$1.5600 (N.C.)	\$1.5600 (N.C.)	NO	NO	:: (N.C.)	:: \$1.5600 (N.C.)
GRADE A	\$1.5625 (-.0025)	\$1.5625 (N.C.)	\$1.5575 (-.0050)			:: (-.0075)	:: \$1.5608 (-.0112)
BUTTER GRADE AA	\$1.7200 (-.0750)	\$1.7000 (-.0200)	\$1.6900 (-.0100)	TRADING	TRADING	:: (-.1050)	:: \$1.7033 (-.1627)

CHEESE: carload = 40,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week.
Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/DAIRYMARKETNEWS.

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CONTINUED FROM PAGE 1**

Traders and handlers are indicating that new buyer interest for the balance of the calendar year is minimal with most of this need secured or at least negotiated earlier in the fall. Most current sales activity is centered around first quarter 2013 needs. PSA butter stocks continue to clear back into the marketplace. As of late October, about half of the 130,000 MT of PSA butter has been cleared from the program. Traders and handlers estimate that about 5% of the total returns to the marketplace on a weekly basis. The return of this butter is having minimal negative impact on current market conditions as most of this butter has already been spoken for. Many traders are indicating that this PSA is quite welcomed this year as commercial butter stocks are not that readily available. These volumes are supplementing needs that would otherwise be in the commercial market competing for limited butter offerings, further tightening butter supplies.

Milk production in **Eastern Europe** is near low seasonal levels, but is running slightly better than their Western European counterparts. Eastern European milk production has been quite positive in comparison to Western production for much of the season, but the margin of strength is narrowing. Weather conditions in Eastern Europe are typical for late fall and are not significantly detrimental to late season milk output. Milk volumes have declined to the point that most manufacturing facilities have shuttered their operations for the winter months and fresh dairy product needs are easily absorbing available milk volumes. Stocks of manufactured dairy products are tightening.

The **Oceania** milk production season is past its' peak, declining slightly, but holding at seasonally high levels. The buildup to peak levels was very typical for the region and occurred slightly earlier than in past years. The next question is, how long will stability at high levels prevail and what will the pace of decline on the downside be? Milk producers and handlers were pleased with the seasonal buildup, but more important to the Oceania region is how the downhill side of the season develops. At this point, milk production trends are running heavier than last year and milk producers and handlers are hopeful that this trend will continue for quite some time. Early on in the current production season, milk volumes were running quite strong when compared to comparable time periods last season. Now at peak, percentage comparables have eased, but remain positive. In **New Zealand**, milk production is reported to be running 4 - 5% ahead of a year ago while in **Australia**, output is running 2 - 3% ahead. The Gippsland region of Australia continues to struggle with excessive moisture. This is the second year of too much moisture, but farmers in the region are making the best of an unsettled situation by controlling costs. With milk production at seasonally high levels in both New Zealand and Australia, manufacturing facilities are at or very near peak levels, thus milk volumes are clearing to all products with no targeted manufactured dairy product getting a milk tilt at this time. Manufacturers are indicating that often at peak levels, production surpasses demand thus uncommitted stocks are being generated. Although heavy production is being reported, traders and handlers are not indicating that significant volumes of uncommitted stocks are available. Often manufacturers hold onto these uncommitted stocks as a cushion for future needs. Average prices at the latest g/DT auction on November 20 were mixed with anhydrous milk fat and cheddar firm while all other traded products were steady to lower. Cheddar cheese averaged \$3,436 per MT, a 12.4% increase from the previous all contract average with skim and whole milk powder averaging 1.7% and 1.9% lower. U.S. sourced skim milk powder averaged \$3,352 per MT which was 4.3% lower than the November 6th event for comparable product. The next event, #81 will be held on Tuesday, December 4.

OCTOBER MILK PRODUCTION (NASS): Milk production in the 23 major States during October totaled 15.2 billion pounds, -1A-

down slightly from October 2011. September revised production at 14.7 billion pounds, was down 0.6% from September 2011. The September revision represented a decrease of 19 million pounds or less than 0.1% from last month's preliminary production estimate. Production per cow in the 23 major States averaged 1,791 pounds for October, 1 pound above October 2011. The number of milk cows on farms in the 23 major States was 8.47 million head, 10,000 head less than October 2011, and 8,000 head less than September 2012.

OCTOBER FMMO MARKETING AND UTILIZATION (DAIRY PROGRAMS): During October, more than 8 billion pounds of milk were received from producers. This volume of milk is 20.5% lower than the October 2011 volume. In October 2011 and October 2012, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. More than 3.8 billion pounds of producer milk were used in Class I products, 2.7% higher than the previous year. The all-market average Class utilization percentages were: Class I = 45%, Class II = 18%, Class III = 28% and Class IV = 9%. The weighted average statistical uniform price was \$20.55 per cwt., \$1.35 higher than last month and \$0.98 higher than last year.

CME GROUP

MONDAY, NOVEMBER 19, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.8250; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.5625
 BUTTER -- SALES: 2 CARS GRADE AA @ \$1.7200; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.7500

TUESDAY, NOVEMBER 20, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7250; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.5625
 BUTTER -- SALES: 5 CARS GRADE AA: 2 @ \$1.6900, 1 @ \$1.7100, 2 @ \$1.7000; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.7000; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$1.7100

WEDNESDAY, NOVEMBER 21, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.7450; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.5400; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.5575
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.6900; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.6900

THURSDAY, NOVEMBER 22, 2012

HOLIDAY -- NO TRADING

FRIDAY, NOVEMBER 23, 2012

CME CLOSED -- NO TRADING

BUTTER MARKETS

NORTHEAST

The CME Group butter price declined \$0.0200 Tuesday and closed at \$1.7000. In the last 4 trading sessions the butter price has declined \$0.1900 in fairly light trading with 8 loads transacted. Churning schedules are seasonally active with most butter operations expecting heavier churning schedules later this week and into the weekend. Demand for butter continues to be good as holiday butter orders remain active. According to the National Dairy Retail Report, retail butter ads in the Northeast totaled 3,033, 31.8% of the total national ad count of 9,523 and the highest number for any region. The weighted average price for a 1 lb. package of butter in the Northeast was \$2.96, 25 cents more than the national weighted average price, but 21 cents less than the previous reporting period. Recent price declines in the butter market have increased export interest. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 4.381 million pounds (1,987 metric tons) of butter. The product will be delivered November 2012 through May 2013. During 2012, CWT has assisted member cooperatives in making export sales of butter totaling 71.1 million pounds and anhydrous milk fat totaling 127,868 pounds. Current bulk butter prices range from 4-8 cents over the market based on the CME Group with various time frames and averages used.

CENTRAL

The CME cash butter price continues to ease this holiday week and closed at \$1.7000 on Tuesday. The current cash prices compares to \$1.8900 a week ago, \$1.8800 a month ago, and \$1.6475 a year ago. This is the lowest cash price since August 6 of this year. Reports of bulk butter being offered in the marketplace priced under \$1.7000 are occurring. Some last minute fill-in butter orders did develop over the weekend, but Thanksgiving butter orders are now complete. Butter producers and handlers are generally very pleased with butter sales for Thanksgiving needs. Strong retail promotional activity occurred during the past few weeks and it is still unknown on how

successful this turned out to be. Butter buyers will be assessing Thanksgiving sales in a few days and will proceed forward with yearend plans at that time. Tentatively, many buyers are indicating that end of year promotional activities will be equally strong and will be spread out between now and the end of the calendar year. Current production schedules and inventory levels are being closely monitored to fulfill upcoming needs. In most instances, butter producers are churning for near term needs and not generating enhanced volumes for inventory. Often, butter producers are churning with regular sourced cream volumes and not taking advantage of additional cream offerings unless favorably priced. Bulk butter prices range from flat to 3 cents over various pricing bases and averages per pound.

WEST

Western butter prices are lower for the shortened week as most of the immediate orders for Thanksgiving have been shipped previously. The market has moved lower as buyers are buying for immediate needs with a close eye on inventory as prices decline seasonally. The end of the year holidays are typically the "last hurrah" for butter demand for the year. Retail and club store demand is very good for print sales. Manufacturers are busy keeping orders filled. Export butter sales have been slow, but the CWT program assisted with sales of 4.4 million pounds this week. Bulk butter sales have slowed as large end users are waiting to see what the market will be in the new year. Additional cream supplies are available to butter churns at reduced prices over the holiday weekend. Prices for bulk butter range from 3 cents under to 8 cents under the market, based on the CME with various time frames and averages used. Tuesday's close on the CME Group exchange for butter at \$1.7000 is \$.0200 lower than Monday's \$.0750 loss. Trading has been moderate to active at the exchange for the holiday shortened week. The first two days of the week had seven loads change hands with more bids and offers available.

NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
November 17, 2012	Data	not	available	at	press time.

CHEESE MARKETS

NORTHEAST

Cheese prices on the CME Group were mixed Tuesday with barrels increasing \$0.0025 to close at \$1.7250, while blocks were unchanged at \$1.8250. In the last 5 trading sessions barrel prices have dropped \$0.1025, while blocks have declined \$0.0325. Trading has turned light in the last 5 sessions with only 1 load of barrels and 5 loads of blocks transacted. Manufacturing milk volumes going to cheese plants increased this week as Class I demand declined, which raised cheese production. Most cheese makers are comfortable with the increased production as holiday orders have been active and inventories have been lowered. Domestic demand remains good and export interest has increased following the price declines on the CME Group. According to the National Dairy Retail Report, released Friday, retail cheese ads for 8 oz. block cheese in the Northeast totaled 4,673, 53% of the total national ad count of 8,817 and was the highest ad count for any region. Retail cheese ads for 8 oz. shredded cheese in the Northeast totaled 3,041, 24.7% of the total national ad count of 12,291 and was the second highest number of ads for any region. The weighted average price for 8 oz. cheese blocks in the Northeast was \$2.49, 2 cents lower than the national weighted average price and 31 cents more than the previous reporting period. The weighted average price for 8 oz. shredded cheese in the Northeast was \$2.49, 16 cents more than the national weighted average price and 31 cents more than the previous reporting period. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 2.784 million pounds (1,263 metric tons) of Cheddar and Monterey Jack cheese. The product will be delivered November 2012 through May 2013. During 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack and Gouda cheese totaling 111.1 million pounds.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 40# Block	:	2.2575-2.5425
Process 5# Sliced	:	2.0050-2.1250
Muenster	:	2.2775-2.6375
Grade A Swiss Cuts 10 - 14#	:	3.6300-3.9525

MIDWEST

The cheese price weekly average moved down last week more than any week in 63 weeks. Even so, the average for blocks and barrels remains above the weekly average price during three of the last four years, 2008, 2010 and 2011. Last week's magnitude change was last exceeded in late August 2011. Blocks closed last week at \$1.8250 with the weekly average down \$.1700. Barrels closed the week at \$1.7225, with the average down \$.1730. While the lower average is a favorable factor inducing more retail cheese ordering interest, "some retailers may continue to order conservatively for a short while longer to fill more immediate needs", to give recently dynamic market price movements up and down an opportunity to signal the road ahead, according to one manufacturer. Yet with end of the year holidays just over a month away and the Super Bowl and playoffs just beyond that, little time margin remains to place cheese orders for this season of high cheese consumption. Through this Tuesday with only one more trading day before the CME is closed for Thanksgiving and Friday, Barrels increased for this week by \$.0025 while blocks remain unchanged. Milk is more readily available in the region last week into this week and improved fat

and solids component levels are boosting cheese yields. Milk produced in the Midwest during October increased by 3.4% compared with October 2011, in contrast with a slight decrease nationally. This data reflects milk production in Illinois, Indiana, Iowa, Michigan, Minnesota, Ohio and Wisconsin. The only state in the Midwest group where there was a milk production decline comparing October 2011 with 2012, considering the state's milk production as a percentage of national production, was Indiana. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 2.784 million pounds (1,263 metric tons) of Cheddar and Monterey Jack cheese. The product will be delivered November 2012 through May 2013. During 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack, and Gouda cheese totaling 111.1 million pounds.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.9775-2.6825
Brick And/Or Muenster 5#	:	2.2450-2.8050
Cheddar 40# Block	:	2.2450-3.2300
Monterey Jack 10#	:	2.2150-3.2300
Blue 5#	:	2.5100-3.4950
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.0900-3.3300
Grade A Swiss Cuts 6 - 9#	:	3.1500-3.2675

WEST

Western cheese prices are lower as CME Group weekly average prices were lower again this week. Over the last two weeks, the average price for barrels is \$.2430 lower and blocks are \$.2560 lower. These drastically lower prices have buyers waiting to place additional orders until they feel that prices have leveled off. The lower prices have helped to increase interest in export markets. The CWT program reported that they were involved with sales of 2.8 million pounds of cheese for the week. Cheese manufacturers are finding good demand into retail outlets. Inventories of cheese for the end of year holidays are said to be adequate. Cheese prices at the CME Group were mixed on Tuesday of the holiday shortened week. Barrels closed \$.0025 higher at \$1.7250, while blocks were steady to close at \$1.8250 on Tuesday. The larger than typical spread between blocks and barrels is adding uncertainty to the market direction. Sales at the exchange have been nonexistent as of Tuesday's close. The CME Group market will be closed on Thanksgiving Day and the Friday after the holiday.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.9125-2.1700
Cheddar 40# Block	:	1.9775-2.3300
Cheddar 10# Cuts	:	2.1575-2.3775
Monterey Jack 10#	:	2.1675-2.3275
Grade A Swiss Cuts 6 - 9#	:	3.2075-3.6375

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CHEESE MARKETS

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FOREIGN

The considerable decline in the weekly average CME Group block price lowered domestic wholesale foreign type cheese prices by \$0.1700. This week's decline comes atop a previous decline of \$0.0850. Importers are still recovering from the losses suffered by Hurricane Sandy. Some import offices were still operating on auxiliary power as of late last week. Importers that suffered warehouse losses continue to rebuild inventories. Some industry contacts estimate it will take another 2-3 weeks before stocks are back to normal.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.3975-3.8850*
Gorgonzola	: 3.6900-6.1900	: 2.9000-3.3550*
Parmesan (Italy)	: -0-	: 3.7875-5.8775*
Provolone (Italy)	: 3.4400-5.5800	: 2.4400-2.5975*
Romano (Cows Milk)	: -0-	: 3.5875-5.7375*
Sardo Romano (Argentine)	: 2.8500-3.9800	: -0-
Reggianito (Argentine)	: 3.2900-4.2900	: -0-
Jarlsberg-(Brand)	: 2.9500-5.2900	: -0-
Swiss Cuts Switzerland	: -0-	: 3.7275-4.0500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

	:	
11/19/12	6,172	: 112,451
11/01/12	10,598	: 119,313
CHANGE	-4,426	: -6,862
% CHANGE	-42	: -6

FLUID MILK AND CREAM

EAST

SPOT SHIPMENTS OF GRADE A MILK INTO OR OUT OF FLORIDA & SOUTHEASTERN STATES

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	0	0	0	55	0
SOUTHEAST STATES	0	0	0	0	0	0

Manufacturing milk supplies began to increase early in the week in the Northeast and Mid-Atlantic regions as Class I demand declined. Milk volumes going to balancing plants are anticipated to be heavy from mid-week into the weekend. Weather forecasts call for unseasonably mild weather over both regions, which will assist plant operators in handling the increase in milk volumes with minimal delays. Milk production is increasing along the seasonal trend. Florida's milk production continues to increase, but remains below year ago levels. Class I demand remains fairly strong supported, in part, by the early arrival of some seasonal residents. Retail promotions for fluid milk and egg nog are also contributing to Class I demand. There were no spot loads of milk imported into Florida this week. Southeast milk supplies are having trouble finding a home. Class I demand is down, while milk production continues to increase. Most auxiliary manufacturing plants are being utilized and the outlook is that all manufacturing will be utilized going into the holiday weekend. Mild weather for the region will minimize trucking delays transporting milk to various locations. Cream demand is crumbling as the holiday approaches with a majority of the cream being channeled to churns as numerous cream based product manufacturers reduce production schedules prior to Thanksgiving. Cream multiples held fairly steady early and then moved significantly lower for later week delivery. Pricing is very contingent on day of the week. A number of contacts anticipate multiples to rebound next week with the return of full production schedules at most plants. Cream cheese production remains very active with some plants shutting down for only Thanksgiving Day. Multiples ranged from 120-130 with a few desperate to move loads under the range. Demand for condensed skim has declined as numerous dairy manufacturers are scheduled to shut down for at least 1-2 days over the holiday period. Drying schedules at some plants will be operating at near capacity levels. According to NASS, milk production for October 2012 in the 23 reported states totaled 15.2 billion pounds, down slightly (-0.03%) from October 2011. Milk production increased in 2 of the 5 listed states in the Eastern region. Eastern region production increased 1.1% over the same month last year to 2,460 million pounds. The 5 states showed the following percentage changes in milk production from October 2011 to October 2012 and total milk production this October: Florida, -0.6%, 161 million pounds; New York, +2.7%, 1,080 million pounds; Pennsylvania, -0.3%, 869 million pounds; Vermont, +1.4%, 212 million pounds; and Virginia, -0.7% at 138 million pounds. Milk cow numbers for October 2012 increased in only 1 of the 5 listed states of the Eastern region with 3 states declining and 1 state unchanged. As a region, cow numbers were 4,000 head (-0.3%) less compared to the same period last year. Individual state cow numbers compared to October 2011 and cows remaining as of this October are: Florida, 3,000 increase, 123,000 remaining; New York, unchanged, 610,000 remaining; Pennsylvania, 5,000 decrease, 533,000 remaining; Vermont, 1,000 decrease, 133,000 remaining; and Virginia, 1,000 decrease, 95,000 remaining.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, DOLLARS PER LB. BUTTERFAT:

F.O.B. producing plants: Northeast -	2.2392-2.4258
F.O.B. producing plants: Upper Midwest -	2.1459-2.2019

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.49 - 1.54
Northeast - Class III - spot prices -	1.71 - 1.75

MIDWEST

Fluid demand decreased sharply into some Central bottling facilities this week and various processors indicate they are still receiving calls to place milk loads that normally clear through bottlers. Spot milk load prices generally start close to flat Class and work below that depending on urgency. In a few instances, price discounts didn't provide sufficient incentives to clear milk to other manufacturers due to already full schedules. Cream multiples declined as spot load availability improved. Class II cream multiples ranged up to the high teens. A few spot cream loads cleared into butter making operations at flat prices. Churn operators are also closely watching butter inventories as the end of the year approaches. October 2012 milk production increased compared to October 2011 in eight of the ten Central region states included in the NASS 23 Selected States Milk Production report. Central region monthly milk production increases ranged from 0.6% in Illinois to 5.1% in Kansas. Regional cow numbers grew by 15,000 animals compared to one year ago. The Wisconsin herd led the region by adding 7,000 cows.

WEST

Wet conditions with snow at higher elevations continue over northern CALIFORNIA. The southern part of the state is experiencing dry conditions that are favorable for milk production. No problems handling the milk supply over the Thanksgiving Holiday period are expected. There is plenty of plant capacity available for milk processing. According to the NASS October *Milk Production* report, milk output in the SOUTHWEST is lagging the rest of the U.S. compared to last year. NEW MEXICO has posted the largest decline in the country at down 5.9%. Other states in the region are likewise being severely impacted by drought conditions which have led to reduced profit margins. Similarly, Texas is down 5.0%, Arizona down 4.5%, and California down 3.5%. The decline in output in California compared to last year is 121 million pounds. This works out to 3.9 million pounds less milk per day or 81, 48,000 pound tanker loads less per day. Regarding the Petition for Class 4b Hearing that the CDFA received on November 2, 2012 - On November 13, 2012, CDFA responded to the petition filers, stating that a hearing could not be held since their petition "fails to set forth the Secretary's authority to take the action requested." This relates to whether the petition seeks action under "discretionary" or "mandatory" hearing procedures. CDFA also stated that they would "evaluate any future resubmission of the petition in accordance with the provisions of the applicable regulatory procedure." Ideal conditions for milk production continue to prevail in ARIZONA. Daytime temperatures are very moderate and nights are cool. Class I demand is erratic this week due to the holiday. Reports indicate

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FLUID MILK AND CREAM

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that Class I demand in NEW MEXICO is sharply lower this week, but is expected to rebound over the weekend. Contacts report that tests on incoming loads of milk are improving seasonally. Cow numbers are lower across the state and that is not expected to change anytime soon. At the CME Group, the Grade AA butter price closed at \$1.70 on Tuesday, November 20, down 19 cents from a week ago. Cream multiples are lower on the 105 to 120 range, and vary depending on basing points and averages. Cream in the West is very hard to move this holiday shortened week, which is not unexpected. Multiples are anticipated to move lower as the week comes to a close with many manufacturing plants closed for various periods of time due to the holiday. In many areas churns will be the only alternative. Heavy rains and high winds hit coastal areas in the PACIFIC NORTHWEST early this week. Record rains caused some mudslides and power outages, but dairy handlers reported few significant problems. Farm milk volumes are at expected levels and current volumes are handled within the region. There is some extra manufacturing milk available due to lower Class I demand over the holiday. Cheese plants and other manufacturers are able to absorb any increases. Milk volumes in UTAH and IDAHO are increasing slowly as increased numbers of dairy cows are put into production. Dairy farmers have finished with harvest operations and are assessing plans for 2013. A recent conference of dairy producers was described as cautiously optimistic with increased processing capacity moving into the region. According to NASS, October *Milk Production* for the 23 surveyed states totals 15.2 billion pounds, unchanged from last year. October milk production changes from a year ago for selected Western states are as follows: Arizona -4.5%, California -3.5%, Colorado +5.9%; Idaho +0.9%, New Mexico -5.9%, Oregon unchanged, Utah +1.3%, and Washington -2.1%. Monthly milk production per cow for the 23 surveyed states was 1,791 pounds, +0.1% from October 2011. Compared to October 2011, the Arizona herd is down 12,000 head, California +2,000, Colorado +4,000, Idaho -4,000, New Mexico -8,000, Oregon +1,000, Utah +1,000, and Washington -5,000. These 8 states are down 21,000 cows and the 23 surveyed states are down 10,000. September cow numbers in these 8 states were 17,000 less than the previous month.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Nonfat dry milk prices in the Central region are higher on a firming market that reflects both spot sales and index based contract prices. In contrast, several end users and resellers indicate they have or expect to initially contract for lower volumes of NDM in 2013 compared to 2012. Resellers, in particular, point to some months in 2012 when their customers were slow to pick up NDM contract loads. This ultimately added to the overall cost of NDM loads for the resellers. Nonfat dry milk production is steady to higher for the week as many Class II plants are closed for an extended holiday weekend. These closures are sending more milk through the dryers. Manufacturers' NDM inventories are steady to building incrementally.

EAST: Prices for nonfat dry milk moved higher as spot sales and sales based on various price indices moved prices higher on both ends of the range. Production of nonfat dry milk in the East has increased significantly as manufacturing milk supplies have become readily available this holiday week. Some plants expect to run dryers at near capacity levels for low heat NDM production in order to more readily clear the increased milk supply. Eastern nonfat dry milk supplies remain fairly tight, but the increase in production will add to current inventories. Demand for high heat NDM remains fairly good supported by baking product manufacturers' production of holiday items. Low heat NDM demand has shown some increased interest compared to the previous couple of weeks. The price differential between condensed skim and nonfat dry milk continues to prompt cheese makers to consider additional purchases. The market has a firm undertone going into the holiday weekend.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.5200 - 1.5900 MOSTLY: 1.5300 - 1.5800
 HIGH HEAT: 1.6250 - 1.6500

NONFAT DRY MILK - WEST

Western low heat range prices were mixed, while the mostly was higher in price during this short holiday week. Trading volumes were light. Most producers indicate that inventories are in good shape and not at a level that affects pricing strategies. Work on 2013 contracts is developing slowly until more basic information is available. Production will be higher this holiday week as more milk heads to dryers and churns. High heat prices are steady. Some manufacturers plan to dry more high heat over the holiday period as dryer time allows. High heat orders have been good this fall.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.4700 - 1.5650 MOSTLY: 1.5000 - 1.5350
 HIGH HEAT: 1.5100 - 1.6100

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Central dry buttermilk prices are lower and higher on a mixed market. With the recent slide on butter prices, the value of the butterfat component in dry buttermilk also moved lower. As the end of the year approaches, butter churn operators are watching butter inventories closely to minimize yearend holdings.

EAST: Dry buttermilk prices were mixed this week as transactions based on price indices moved the upper end of the range higher, but spot sales lowered the low end of the range. Production of dry

buttermilk has increased significantly as readily available cream supplies are being channeled to churns this holiday week. Demand is steady to weak as baking product manufacturers are running on increased holiday production schedules, but some buyers are contemplating lower priced nonfat dry milk purchases in lieu of dry buttermilk. Dry buttermilk supplies remain fairly tight in the East, but inventories are expected to build over the holiday period. Supplies are moving through contracts with limited spot market activity.

F.O.B. CENTRAL/EAST: 1.5500 - 1.6625

DRY BUTTERMILK - WEST

Most contacts indicate that this was a quiet trading week because of the long holiday weekend. The term lackluster was mentioned. Production of condensed and powder will be higher as more churning will take place this week. Inventories range from in balance to becoming somewhat heavier. Prices were somewhat stronger on a light test.

F.O.B. WEST: 1.4500 - 1.5300 MOSTLY: 1.4600 - 1.4850

DRY WHOLE MILK - NATIONAL

Prices for dry whole milk are unchanged for the week, with contract sales accounting for the majority of activity. Production is lower at some locations where operators are trying to clear heavier farm milk intakes, and higher at other locations where higher farm milk intakes provided sufficient intakes to once again run dry whole milk.

F.O.B. PRODUCING PLANT: 1.7000 - 1.9000

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
November 16	\$1.4921	6,635,135	0
November 9	\$1.4826	7,349,257	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

WHEY, WPC 34%, LACTOSE & CASEIN

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Dry whey prices in the Central region stepped higher, following the lead of variably priced contracts, but spot load availability from manufacturers and resellers is improving as the end of the year approaches. Interest in Central dry whey spot loads is steady for the week and price driven. Market participants are engaged in contracting for 2013. Several manufacturers indicate they are holding 2013 price offers steady compared to 2012. Some manufacturers also indicate new customers are showing interest in 2013 dry whey contracting. This is reportedly due to some end users preferring to buy directly rather than channeling purchasing requests through resellers. Additional interest is arising from those buyers who previously bought dry whey from a Minnesota plant destined for closure. This market firmness is counterbalanced, to a degree, by those buyers planning to contract for lesser quantities of dry whey. These buyers indicate some sectors of the dry whey market have switched to permeate as a replacement for some percentage of their former dry whey needs. Also, another Central plant recently began dry whey production, and operators there are reportedly working out the details of offering 2013 dry whey contracts for that projected production. Currently, dry whey production is seasonally active in the region. A few plants indicated production is moving higher for a day or two as milk from local plants performing maintenance or closing during the holiday clears through neighboring dry whey facilities. ANIMAL FEED DRY WHEY prices moved higher, based on index pricing of spot and contract loads. End user interest is steady, with animal feed blending operations balancing animal feed dry whey purchases with near term production needs to limit carryover of inputs into 2013.

F.O.B. CENTRAL: .6100 - .6700 MOSTLY: .6225 - .6425
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4650 - .6200

DRY WHEY - NORTHEAST

Dry whey prices moved higher again this week, supported by transactions based on various price indices. Increases in milk volumes going to cheese plants resulted in increased dry whey production. The increase in production is expected to expand inventories over the holiday period. Supplies remain fairly tight in the East with supplies moving through contracts. Spot sales activity is very light. Demand is flat as most end users are taking 1-2 days off for the holiday and have adequate supplies in place. Export interest has also shown some weakness. A few contacts have noted offers from out of region priced below the range.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6625 - .6850

DRY WHEY - WEST

Western dry whey prices are steady to firm. The holiday shortened week curtailed spot activity, but prices were trending higher along contract indices. The bulk of current whey production is contracted, with regular customers typically getting first opportunity at any excess production. Due to some manufacturing plants taking time off for the holiday, some extra milk will be channeled to cheese plants this week. This is anticipated to increase volumes of dry whey in the short run. The bulk of the spot sales are coming from brokers at the upper end of the range. Export demand is good, but international prices are closer to the lower end of the price range.

NONHYGROSCOPIC: .5800 - .6675 MOSTLY: .6000 - .6600

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

WPC 34% prices are unchanged to lower on the range price series and steady on the mostly series. Spot load availability is lighter than in previous weeks. Buyers are reportedly becoming more resistant to spot load offers carrying strong market premiums, but most of the lower-priced loads have already been absorbed into the marketplace. WPC 34% production is unchanged to higher as some locations are benefiting from holiday weekend plant closures in nearby locations.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.1600 - 1.3300 MOSTLY: 1.2000 - 1.2650

LACTOSE - CENTRAL AND WEST

Lactose prices are unchanged for the week on the mostly, unchanged to lower on the range series. Contract load shipping is on time from some manufacturers, but running behind from others due to shortfalls in recent production. Spot load interest from a few confectionary accounts is higher for the week. Some suppliers tweaked the timing of contract load shipments to other end users to accommodate these last minute needs. A few manufacturers have put together 2013 annual contracts. Contracting for Q1 is active for some manufacturers, while other producers are holding off for another week or 2 before offers go out.

Including spot sales and up to 3 month contracts.
F.O.B. EDIBLE, NON PHARMACEUTICAL .6875 - .9300 MOSTLY: .7500 - .8200

CASEIN - NATIONAL

Casein markets and prices continue to hold generally steady. Stocks for domestic needs appear to be available and being delivered as scheduled. Oceania suppliers indicate that the current production season is in full swing as milk volumes within the region maintain high seasonal levels. European sourced product is coming from inventoried stock that was generated during the just concluded production season. For the most part, European stocks are in balance with needs as many producers geared their recent production season to known and projected needs, although some spot offerings continue to be reported by U.S. buyers.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.7000 - 4.4000
ACID: 4.4500 - 4.7500

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS EFFECTIVE NOVEMBER 1, 2009

BUTTER Bulk \$1.05 per pound; **CHEESE** 40# Blocks \$1.13 per pound; 500# Barrels \$1.10; **NONFAT DRY MILK** \$.80 per pound

The CCC Purchase table will no longer be shown unless purchases occur. Last CCC purchase: October 2009.

U.S. Dairy Cow Slaughter (000 head) under Federal Inspection & Comparable Week 2011

WEEK ENDING	WEEKLY DAIRY COWS	2012 CUMULATIVE DAIRY COWS	2011 WEEKLY DAIRY COWS	2011 CUMULATIVE DAIRY COWS
11/03/2012	62.5	2,602.5	60.4	2,440.5

WEBSITE: http://www.ams.usda.gov/mnreports/sj_ls714.txt

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	19.32	17.03	18.00	16.76	18.18	20.25	18.24	17.32	16.28	17.06	15.51	15.28
2009	10.78	9.31	10.44	10.78	9.84	9.97	9.97	11.20	12.11	12.82	14.08	14.98
2010	14.50	14.28	12.78	12.92	13.38	13.62	13.74	15.18	16.26	16.94	15.44	13.83
2011	13.48	17.00	19.40	16.87	16.52	19.11	21.39	21.67	19.07	18.03	19.07	18.77

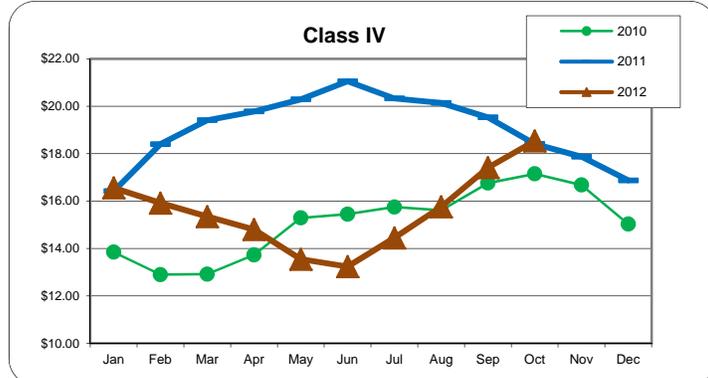
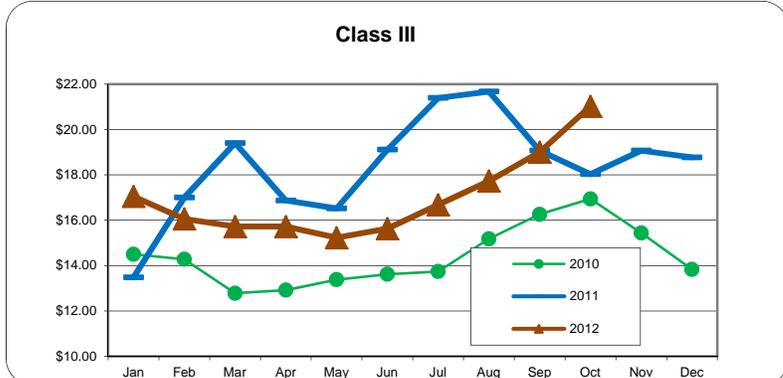
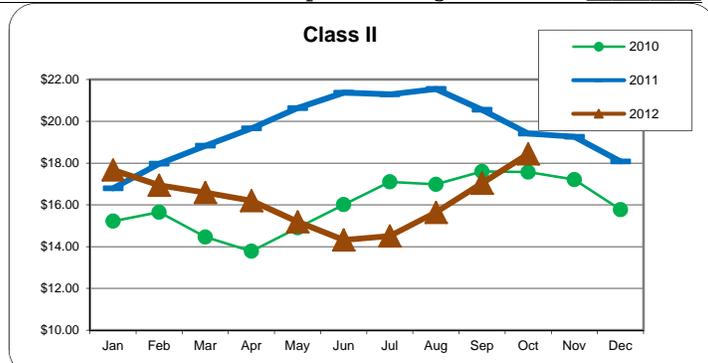
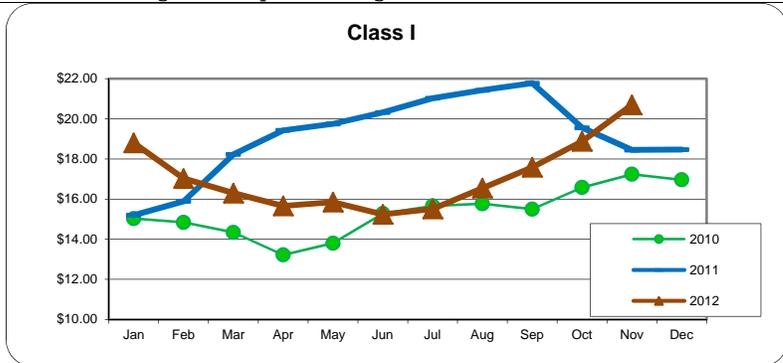
CLASS IV MILK PRICES (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03
2011	16.42	18.40	19.41	19.78	20.29	21.05	20.33	20.14	19.53	18.41	17.87	16.87

FEDERAL MILK ORDER CLASS PRICES FOR 2012 (3.5%)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	18.80	17.03	16.30	15.66	15.85	15.24	15.51	16.55	17.59	18.88	20.70	
II	17.67	16.94	16.59	16.20	15.19	14.32	14.51	15.64	17.04	18.44		
III	17.05	16.06	15.72	15.72	15.23	15.63	16.68	17.73	19.00	21.02		
IV	16.56	15.92	15.35	14.80	13.55	13.24	14.45	15.76	17.41	18.54		

1/ Specific order differentials to be added to this base price can be found by going to: www.ams.usda.gov/DairyMarketingStatistics; then select "Prices"; and then select "Principal Pricing Points."



INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered November 12 - 23, 2012

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN OVERVIEW: Milk production in Western Europe is at or very near seasonal low levels. Producers and handlers are speculating that October milk production will trail previous year comparables, but cumulatively, will continue to run slightly ahead of last year. September figures indicated that output was 1.8% lighter than September 2011 although cumulative production was running 1.2% heavier for the first 9 months of the current calendar year. Farmers are now stabling their milking herd for the winter months. Feed supplies will be challenging for many producers during the winter season. Stocks of manufactured dairy products are not readily available. Cream supplies are tight. Traders and handlers are indicating that new buyer interest for the balance of the calendar year is minimal with most of this need secured or at least negotiated earlier in the fall. Most current sales activity is centered around first quarter 2013 needs. PSA butter stocks continue to clear back into the marketplace. As of late October, about half of the 130,000 MT of PSA butter has been cleared from the program. Traders and handlers estimate that about 5% of the total returns to the marketplace on a weekly basis. The return of this butter is having minimal negative impact on current market conditions as most of this butter has already been spoken for. Many traders are indicating that this PSA is quite welcomed this year as commercial butter stocks are not that readily available. These volumes are supplementing needs that would otherwise be in the commercial market competing for limited butter offerings, further tightening butter supplies.

BUTTER/BUTTEROIL: European butter markets and prices are steady to firm. Cream supplies are limited as milk volumes near seasonal low levels. Upcoming holiday cream needs are further tightening cream availability. Holiday cream needs do increase at this time of the year, but not to the extent of the U.S. market. PSA butter stocks continue to clear back into the marketplace. Traders and handlers speculate that over half of the 130,000 MT plus volumes of PSA butter have already returned to the marketplace. Many speculate that about 5% of the total PSA butter stocks return on a weekly basis. Most feel that these stocks are not detrimental to current market conditions and welcome the stocks. Most all of these PSA butter stocks are clearing to predetermined customers.

82% BUTTERFAT:	4,300 - 4,550
99% BUTTERFAT:	4,950 - 5,250

SKIM MILK POWDER (SMP): Skim milk powder markets and prices are unsettled. Prices did ease slightly with traders and handlers projecting that this trend might prevail for the foreseeable future. European traders and handlers continue to closely monitor the g/DT trading event in New Zealand. At the November 20th event, the all contract average price for skim milk powder declined 1.7% to \$3,402 per MT. Sales activity is slow, with most current sales centered around first quarter needs. Current supplies are limited, but traders and handlers are indicating that first quarter offerings are more available at a time when new production will once again resume.

1.25% BUTTERFAT:	3,325 - 3,550
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SWEET WHEY POWDER: European whey powder markets and prices are steady to firm. Cheese production is seasonally low, thus fresh whey powder supplies are limited and competitive. In many instances, available whey is clearing in liquid or condensed form with drying activity minimal. Current or near term demand is quiet with most sales activity centered around first quarter needs.

NONHYGROSCOPIC:	1,250 - 1,400
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WHOLE MILK POWDER (WMP): European whole milk powder markets and prices are steady to firm. European priced whole milk powder is not competitive internationally, thus current market activity is centered around a domestic or internal market. Traders do indicate that buyer interest is developing for first quarter, although prices will need to ease before international buyers commit. Whole milk powder production is basically over for the season as milk volumes are generally clearing to fresh product or drinking milk needs, thus very limited drying.

26% BUTTERFAT:	3,750 - 3,950
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EASTERN OVERVIEW: Milk production in Eastern Europe is near low seasonal levels, but is running slightly better than their Western European counterparts. Eastern European milk production has been quite positive in comparison to Western production for much of the season, but the margin of strength is narrowing. Weather conditions in Eastern Europe are typical for late fall and are not significantly detrimental to late season milk output. Milk volumes have declined to the point that most manufacturing facilities have shuttered their operations for the winter months and fresh dairy product needs are easily absorbing available milk volumes. Stocks of manufactured dairy products are tightening.

Exchange rates for selected foreign currencies: November 19, 2012

1.0037 Canadian Dollar	.0182 Indian Rupee
.2081 Argentina Peso	.8200 New Zealand Dollar
.0766 Mexican Peso	1.0413 Australian Dollar
.3104 Polish Zloty	.0123 Japanese Yen
	1.2813 Euro

To compare the value of 1 US Dollar to Mexican Pesos:
(1/.0766) = 13.0548 Mexican Pesos.

Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered November 12 - 23, 2012

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OVERVIEW: The Oceania milk production season is past its' peak, declining slightly, but holding at seasonally high levels. The buildup to peak levels was very typical for the region and occurred slightly earlier than in past years. The next question is, how long will stability at high levels prevail and what will the pace of decline on the downside be? Milk producers and handlers were pleased with the seasonal buildup, but more important to the Oceania region is how the downhill side of the season develops. At this point, milk production trends are running heavier than last year and milk producers and handlers are hopeful that this trend will continue for quite some time. Early on in the current production season, milk volumes were running quite strong when compared to comparable time periods last season. Now at peak, percentage comparables have eased, but remain positive. In New Zealand, milk production is reported to be running 4 - 5% ahead of a year ago while in Australia, output is running 2 - 3% ahead. The Gippsland region of Australia continues to struggle with excessive moisture. This is the second year of too much moisture, but farmers in the region are making the best of an unsettled situation by controlling costs. With milk production at seasonally high levels in both New Zealand and Australia, manufacturing facilities are at or very near peak levels, thus milk volumes are clearing to all products with no targeted manufactured dairy product getting a milk tilt at this time. Manufacturers are indicating that often at peak levels, production surpasses demand thus uncommitted stocks are being generated. Although heavy production is being reported, traders and handlers are not indicating that significant volumes of uncommitted stocks are available. Often manufacturers hold onto these uncommitted stocks as a cushion for future needs. Average prices at the latest g/DT auction on November 20 were mixed with anhydrous milk fat and cheddar firm while all other traded products were steady to lower. Cheddar cheese averaged \$3,436 per MT, a 12.4% increase from the previous all contract average with skim and whole milk powder averaging 1.7% and 1.9% lower. U.S. sourced skim milk powder averaged \$3,352 per MT which was 4.3% lower than the November 6th event for comparable product. The next event, #81 will be held on Tuesday, December 4.

BUTTER: Oceania butter markets and prices are generally holding steady. Churning schedules in New Zealand and Australia are at seasonal high levels as milk production is just past peak levels. Butter producers and handlers are indicating that most all butter stocks have been pre sold prior to peak production levels, although some additional unforeseen volumes of butter are being generated. Traders project their need at or slightly past peak milk production levels, thus with milk volumes maintaining high levels, some additional output is occurring. This additional output is not significant, but provides a little cushion to second half production trends. At this time, butter producers are very pleased with the extended shoulder of high milk output and subsequently active churning schedules.

82% BUTTERFAT:

3,000 - 3,500

SKIM MILK POWDER (SMP): Skim milk powder markets are generally steady, although prices are mixed within the reported range. At the November 20 g/DT event, skim milk powder prices for all contracting periods averaged \$3,402 per MT, down 1.7% from the previous all contract average. For the various contracting periods, averages are all within the current price range. Skim milk powder production is seasonally strong as milk volumes are holding at seasonally high levels. Traders and handlers indicate that about 80% of current production is committed to regular and ongoing customer needs with a significant portion of the balance also committed to other buyers. At peak production levels, it is not unusual for additional/unforeseen powder to be generated and this is the case this year. This additional production is welcomed and will enhance second half supplies.

1.25% BUTTERFAT:

3,200 - 3,550

CHEDDAR CHEESE: Oceania cheddar cheese markets and prices are generally steady. Cheese production is at seasonally high levels along with milk output. Manufacturers and handlers are indicating that cheese stocks are fully sufficient for contractual commitments and shipments are basically in line with projections. Cheese traders and handlers are stating that negotiations are just starting or will soon begin for second half needs. Traders feel that these negotiations will be much in line with projections and the Oceania region should be able to fulfill regular and ongoing customer needs.

39% MAXIMUM MOISTURE:

3,800 - 4,100

WHOLE MILK POWDER (WMP): Oceania whole milk powder markets and prices are generally steady, although g/DT prices did decline on November 20. The all contract price average declined 1.9% to \$3,276 per MT when compared to the November 6 all contract average. For the various active contracting periods, average prices were steady to 2.5% lower than the previous comparable event. Whole milk powder production is seasonally strong at or slightly past peak milk production levels. Powder producers are pleased with current production trends and are hopeful that the positive trend will continue for an extended period of time. A positive upside to the production season was typical with previous years, but the down side is where the whole season hinges upon. Manufacturers and handlers are hopeful that the downside decline will be gradual and a repeat of last season would be great.

26% BUTTERFAT:

3,250 - 3,500

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered November 12 - 23, 2012

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US\$/MT	Global/Dairy Trading (g/DT) Event 80 Recap - November 20, 2012													
	Contract 1		Contract 2		Contract 3		Contract 4		Contract 5		Contract 6		All Contracts	
	Dec-12		Jan-13		Feb-13		Mar-13		Apr-13		May-13			
Anhydrous Milk Fat	n.a.	\$3,020	1.5%	\$3,050	0.3%	\$3,052	0.7%	\$3,178	2.9%	\$3,327	-0.3%	\$3,066	1.2%	
Buttermilk Powder	n.a.	n.a.	n.a.	\$3,615	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$3,615	n.a.	
Cheddar	n.a.	\$3,452	17.4%	\$3,393	12.2%	\$3,482	8.2%	n.a.	n.a.	n.a.	n.a.	\$3,436	12.4%	
Lactose	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Milk Protein Concentrate	n.a.	\$6,010	-2.4%	\$6,075	-1.1%	\$6,075	-1.8%	n.a.	n.a.	n.a.	n.a.	\$6,040	-1.8%	
Rennet Casein	n.a.	\$7,978	0.1%	\$7,976	2.0%	\$7,687	-3.0%	n.a.	n.a.	n.a.	n.a.	\$7,916	0.0%	
Skim Milk Powder	\$3,352	-4.3%	\$3,384	-2.1%	\$3,415	-1.0%	\$3,451	0.9%	\$3,449	1.3%	\$3,475	n.a.	\$3,402	-1.7%
Whole Milk Powder	n.a.	\$3,255	-2.5%	\$3,253	-1.5%	\$3,315	-1.2%	\$3,415	0.0%	\$3,469	-0.3%	\$3,276	-1.9%	

Average price US\$/MT and % change in indices from previous event.

US\$/Pound	Global/Dairy Trading (g/DT) Event 80 Recap - November 20, 2012													
	Contract 1		Contract 2		Contract 3		Contract 4		Contract 5		Contract 6		All Contracts	
	Dec-12		Jan-13		Feb-13		Mar-13		Apr-13		May-13			
Anhydrous Milk Fat	n.a.	\$1.3699	1.5%	\$1.3835	0.3%	\$1.3844	0.7%	\$1.4415	2.9%	\$1.5091	-0.3%	\$1.3907	1.2%	
Buttermilk Powder	n.a.	n.a.	n.a.	\$1.6398	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$1.6398	n.a.	
Cheddar	n.a.	\$1.5658	17.4%	\$1.5391	12.2%	\$1.5794	8.2%	n.a.	n.a.	n.a.	n.a.	\$1.5586	12.4%	
Lactose	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Milk Protein Concentrate	n.a.	\$2.7261	-2.4%	\$2.7556	-1.1%	\$2.7556	-1.8%	n.a.	n.a.	n.a.	n.a.	\$2.7397	-1.8%	
Rennet Casein	n.a.	\$3.6188	0.1%	\$3.6179	2.0%	\$3.4868	-3.0%	n.a.	n.a.	n.a.	n.a.	\$3.5907	0.0%	
Skim Milk Powder	\$1.5205	-4.3%	\$1.5350	-2.1%	\$1.5490	-1.0%	\$1.5654	0.9%	\$1.5645	1.3%	\$1.5762	n.a.	\$1.5431	-1.7%
Whole Milk Powder	n.a.	\$1.4765	-2.5%	\$1.4756	-1.5%	\$1.5037	-1.2%	\$1.5490	0.0%	\$1.5735	-0.3%	\$1.4860	-1.9%	

Average price US\$/pound and % change from previous event.

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume ^{1/}

Month	11/08	11/09	11/12	11/13	11/14	11/15	11/16	11/19	11/20
CME - CLASS III MILK FUTURES (Pit-Traded)									
NOV 12	20.90 (5239) 0	20.78 (5269) 0	20.80 (5330) 0	20.90 (5306) 0	20.90 (5274) 0	20.79 (5233) 0	20.74 (5219) 0	20.70 (5320) 0	20.71 (5335) 0
DEC 12	19.88 (5354) 0	19.49 (5155) 11	19.20 (4981) 0	19.38 (4848) 2	19.69 (4669) 0	18.97 (4491) 3	19.04 (4599) 2	19.30 (4581) 6	19.40 (4589) 108
JAN 13	19.18 (2318) 0	18.93 (2371) 2	18.74 (2366) 0	18.75 (2449) 0	18.94 (2449) 0	18.54 (2496) 0	18.56 (2535) 0	18.82 (2593) 0	18.98 (2595) 0
FEB 13	18.97 (1816) 0	18.76 (1837) 2	18.64 (1876) 0	18.56 (1942) 0	18.69 (1921) 0	18.40 (1980) 0	18.33 (2000) 0	18.45 (2046) 0	18.60 (2060) 0
MAR 13	18.92 (1426) 0	18.85 (1441) 2	18.64 (1450) 0	18.54 (1481) 0	18.55 (1514) 0	18.41 (1578) 0	18.45 (1601) 0	18.50 (1648) 0	18.60 (1670) 0
APR 13	18.87 (1091) 0	18.82 (1094) 0	18.60 (1102) 0	18.60 (1150) 0	18.62 (1158) 0	18.52 (1204) 0	18.60 (1240) 0	18.70 (1247) 1	18.64 (1268) 0
MAY 13	18.74 (1033) 0	18.76 (1024) 0	18.55 (1050) 0	18.46 (1096) 0	18.45 (1099) 0	18.50 (1142) 0	18.55 (1160) 0	18.51 (1158) 1	18.50 (1185) 0
JUN 13	18.60 (963) 0	18.65 (967) 0	18.45 (956) 0	18.43 (1023) 0	18.48 (1049) 0	18.43 (1070) 0	18.50 (1078) 0	18.50 (1092) 1	18.48 (1100) 0
JUL 13	18.51 (693) 0	18.55 (700) 0	18.49 (715) 0	18.44 (731) 0	18.49 (736) 0	18.50 (747) 2	18.53 (745) 0	18.60 (753) 1	18.59 (763) 0
AUG 13	18.47 (707) 0	18.47 (707) 0	18.45 (709) 0	18.49 (737) 0	18.49 (750) 0	18.50 (757) 2	18.50 (757) 0	18.50 (769) 1	18.50 (781) 0
CME - CLASS IV MILK FUTURES (Pit-Traded)									
NOV 12	18.72 (134) 0	18.72 (134) 0	18.72 (134) 0	18.72 (134) 0	18.72 (134) 0	18.72 (134) 0	18.63 (139) 0	18.63 (139) 0	18.63 (139) 0
DEC 12	18.65 (165) 0	18.65 (165) 0	18.65 (165) 0	18.60 (165) 0	18.60 (165) 0	18.50 (169) 0	18.50 (169) 0	18.50 (169) 0	18.50 (169) 0
JAN 13	18.69 (135) 0	18.69 (135) 0	18.69 (135) 0	18.71 (136) 1	18.72 (131) 0	18.70 (137) 0	18.70 (144) 7	18.65 (148) 0	18.65 (150) 0
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)									
NOV 12	188.75 (814) 7	188.48 (814) 3	188.48 (814) 2	188.48 (814) 0	188.48 (814) 0	188.45 (814) 0	186.63 (814) 1	185.98 (814) 2	185.00 (814) 3
DEC 12	172.00 (794) 12	172.00 (795) 4	173.00 (806) 11	173.00 (806) 0	173.50 (807) 4	172.00 (807) 4	171.00 (807) 1	169.50 (808) 1	168.00 (811) 5
JAN 13	172.00 (208) 8	172.00 (210) 4	172.00 (210) 0	171.75 (218) 13	172.00 (218) 4	172.00 (218) 0	171.50 (223) 5	170.75 (223) 0	170.25 (238) 25
CME - NONFAT DRY MILK FUTURES (Pit-Traded)									
NOV 12	151.50 (238) 0	151.50 (238) 0	151.50 (238) 0	151.50 (238) 0	151.50 (238) 0	151.50 (238) 0	151.33 (235) 0	151.33 (235) 0	151.33 (235) 0
DEC 12	155.55 (216) 0	155.55 (216) 0	155.55 (216) 0	155.55 (216) 0	155.55 (216) 0	155.53 (216) 0	155.50 (215) 0	155.50 (215) 0	155.50 (215) 0
JAN 13	158.25 (71) 0	158.25 (71) 0	158.25 (70) 0	158.25 (71) 0	158.25 (74) 0	158.35 (76) 0	158.35 (76) 0	158.35 (76) 0	158.35 (78) 2
CME - WHEY (Electronic-Traded)									
NOV 12	63.25 (229) 0	63.98 (229) 1	63.98 (229) 0	63.98 (229) 0	63.98 (229) 0	63.70 (228) 2	63.70 (228) 0	63.70 (228) 0	63.70 (228) 0
DEC 12	63.38 (309) 4	63.38 (309) 0	62.00 (309) 1	62.00 (310) 2	62.38 (311) 4	61.75 (314) 14	61.75 (314) 9	62.00 (315) 1	62.50 (316) 1
JAN 13	59.00 (126) 7	59.50 (128) 5	58.50 (128) 7	58.90 (129) 3	59.75 (132) 3	59.00 (136) 11	58.50 (142) 19	59.50 (148) 36	59.00 (149) 2
CME - CHEESE CSC (Electronic-Traded)									
NOV 12	2.02 (1177) 2	2.02 (1177) 0	2.02 (1177) 0	2.02 (1177) 0	2.02 (1177) 0	2.01 (1177) 2	2.01 (1178) 1	2.01 (1178) 0	2.01 (1178) 0
DEC 12	1.94 (1317) 16	1.89 (1329) 19	1.88 (1329) 0	1.89 (1333) 8	1.92 (1338) 28	1.85 (1410) 99	1.87 (1456) 82	1.87 (1467) 13	1.89 (1473) 9
JAN 13	1.88 (432) 33	1.85 (462) 47	1.84 (473) 12	1.84 (477) 26	1.87 (484) 9	1.82 (538) 70	1.83 (558) 42	1.85 (599) 72	1.87 (604) 18
FEB 13	1.87 (235) 40	1.85 (250) 21	1.84 (254) 9	1.83 (257) 7	1.85 (267) 14	1.81 (301) 42	1.81 (307) 31	1.82 (356) 57	1.82 (362) 6
MAR 13	1.87 (230) 31	1.86 (242) 21	1.84 (252) 10	1.84 (258) 6	1.84 (269) 13	1.83 (284) 24	1.83 (292) 22	1.83 (340) 56	1.83 (340) 0
APR 13	1.86 (140) 0	1.85 (141) 1	1.85 (141) 0	1.85 (145) 5	1.84 (154) 9	1.83 (162) 13	1.84 (166) 9	1.85 (170) 11	1.84 (170) 2

^{1/} At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-278-4142.)

OCTOBER MILK PRODUCTION

Milk production in the 23 major States during October totaled 15.2 billion pounds, down slightly from October 2011. September revised production at 14.7 billion pounds, was down 0.6 percent from September 2011. The September revision represented a decrease of 19 million pounds or less than 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,791 pounds for October, 1 pound above October 2011.

The number of milk cows on farms in the 23 major States was 8.47 million head, 10,000 head less than October 2011, and 8,000 head less than September 2012.

OCTOBER 2012 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS ^{1/}		MILK PER COW ^{2/}		MILK PRODUCTION ^{2/}		
	2011	2012	2011	2012	2011	2012	% CHANGE FROM 2011
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	192	180	1,865	1,900	358	342	-4.5
CA	1,776	1,778	1,930	1,860	3,428	3,307	-3.5
CO	131	135	1,955	2,005	256	271	5.9
FL	120	123	1,350	1,310	162	161	-0.6
ID	581	577	1,930	1,960	1,121	1,131	0.9
IL	98	100	1,600	1,580	157	158	0.6
IN	173	173	1,720	1,750	298	303	1.7
IA	199	203	1,805	1,795	359	364	1.4
KS	123	126	1,765	1,810	217	228	5.1
MI	369	374	1,925	1,950	710	729	2.7
MN	466	465	1,555	1,605	725	746	2.9
MO	95	93	1,180	1,180	112	110	-1.8
NM	332	324	2,100	2,025	697	656	-5.9
NY	610	610	1,725	1,770	1,052	1,080	2.7
OH	268	270	1,600	1,630	429	440	2.6
OR	122	123	1,705	1,690	208	208	---
PA	538	533	1,620	1,630	872	869	-0.3
TX	435	430	1,870	1,795	813	772	-5.0
UT	87	88	1,800	1,810	157	159	1.3
VT	134	133	1,560	1,595	209	212	1.4
VA	96	95	1,450	1,455	139	138	-0.7
WA	266	261	1,965	1,960	523	512	-2.1
WI	1,264	1,271	1,715	1,785	2,168	2,269	4.7
23 STATE TOTAL	8,475	8,465	1,790	1,791	15,170	15,165	---

^{1/} Includes dry cows. Excludes heifers not yet fresh.

^{2/} Excludes milk sucked by calves.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Milk Production, November 2012.*

FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY, OCTOBER 2012

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During October, more than 8 billion pounds of milk were received from producers. This volume of milk is 20.5 percent lower than the October 2011 volume. In October 2011 and October 2012, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. More than 3.8 billion pounds of producer milk were used in Class I products, 2.7 percent higher than the previous year. The all-market average Class utilization percentages were: Class I = 45%, Class II = 18%, Class III = 28% and Class IV = 9%. The weighted average statistical uniform price was \$20.55 per cwt., \$1.35 higher than last month and \$0.98 higher than last year.

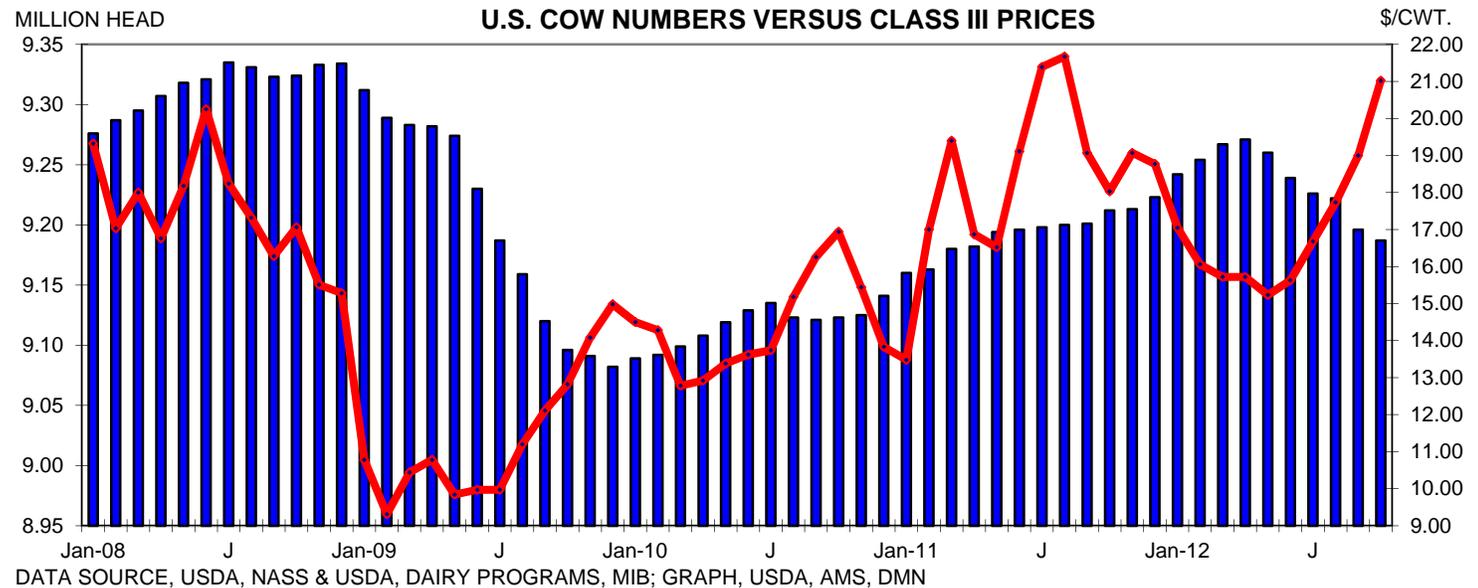
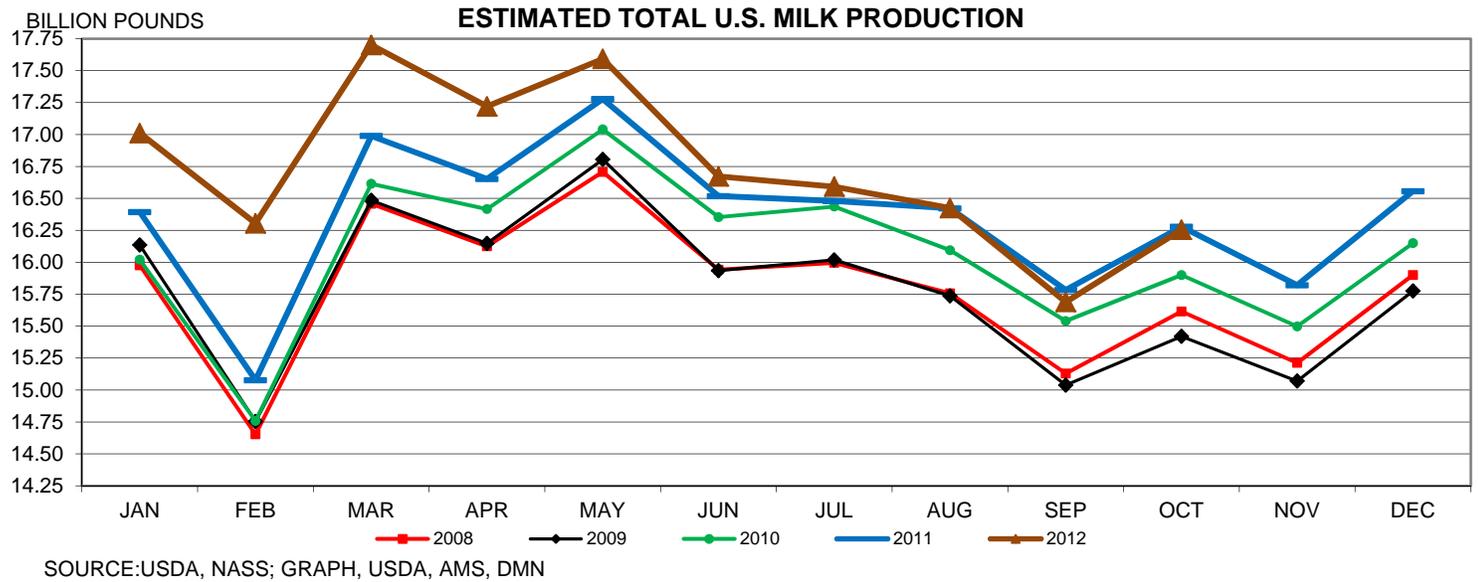
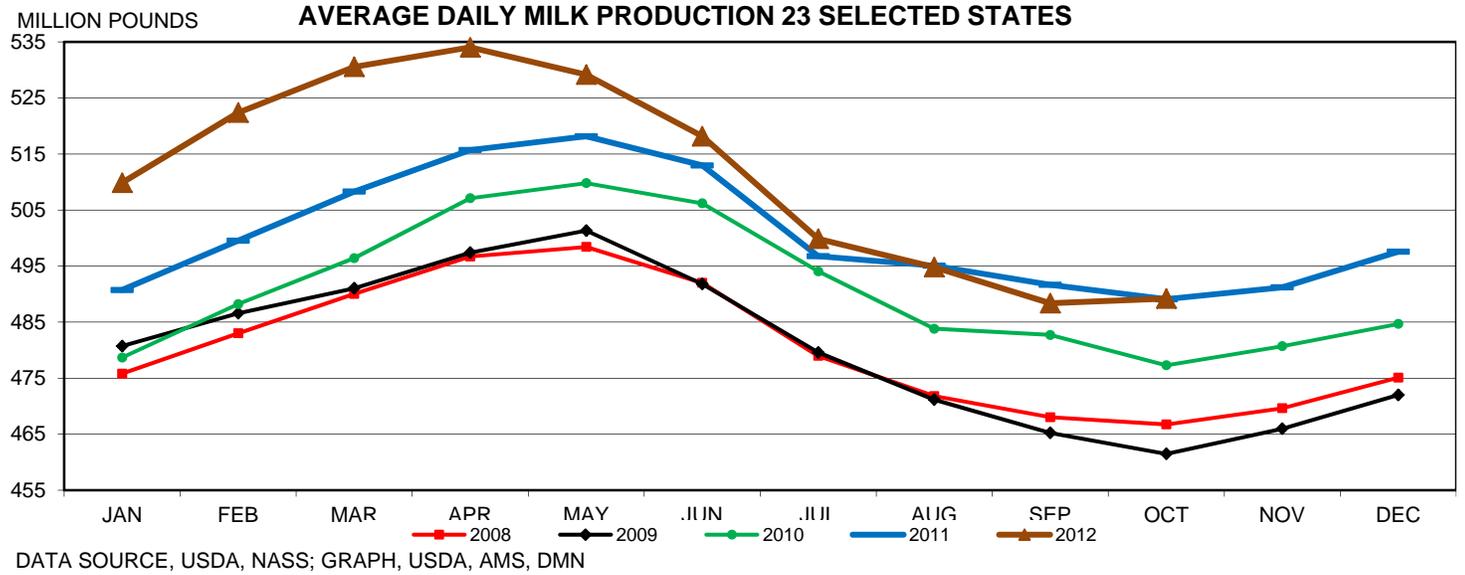
PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF OCTOBER 2012										
FEDERAL MILK ORDER MARKETING AREA 1/	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE 2/
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	2,027.3	3.7	867.7	2.0	43	26	24	7	20.78
Appalachian (Charlotte)	005	456.6	-12.6	349.5	-3.4	76	16	5	3	21.85
Florida (Tampa)	006	244.8	1.8	210.9	2.1	86	11	1	2	23.70
Southeast (Atlanta)	007	523.9	-8.7	393.1	2.8	75	13	10	2	22.35
Upper Midwest (Chicago)	030 3/	2,027.2	-25.0	339.3	-5.3	17	9	70	4	20.53
Central (Kansas City)	032 3/	785.7	-41.0	438.4	14.1	56	18	11	15	19.45
Mideast (Cleveland)	033 3/	1,215.0	-13.9	576.0	7.1	47	24	17	12	19.67
Pacific Northwest (Seattle)	124 3/	421.6	-39.8	192.4	1.1	46	11	9	34	19.18
Southwest (Dallas)	126 3/	529.6	-45.6	383.8	1.8	72	19	1	8	20.35
Arizona (Phoenix)	131 3/	342.9	-6.5	123.1	1.4	36	10	26	28	20.23
ALL MARKET AVERAGE OR TOTAL	3/	8,574.5	-20.5	3,874.2	2.7	45	18	28	9	20.55

1/ Names in parentheses are the major city in the principal pricing point of the market.

2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform price in these markets, handlers elected not to pool an estimated 2.259 billion pounds of milk that normally would have been associated with these markets. In October 2011, the estimated not pooled volume of milk was 184 million pounds, occurring in order numbers 030, 032, and 033. After adjusting for non pooled milk, the year-to-year percent change is +1.2%.

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